

ADMINISTRATION AND FINANCE COMMITTEE

DATE: April 6, 2010

CALLED TO ORDER: 5:33 p.m.

ADJOURNED: 7:11 p.m.

ATTENDANCE

ATTENDING MEMBERS

Marilyn Pfisterer
Bob Cockrum
Susie Day
Maggie Lewis
Barbara Malone
Jackie Nytes
Joanne Sanders

ABSENT MEMBERS

AGENDA

PROPOSAL NO. 84, 2010 - determines the need to lease approximately 15,000 square feet of office space at 8115 E. Washington Street for use as a Marion Superior traffic court and Clerk's office

"Do Pass"

Vote: 4-3

PROPOSAL NO. 115, 2010 - amends the Code to reorganize the city-county internal audit agency as an executive office with expanded powers and duties, and to make corresponding technical changes

"Do Pass"

Vote: 7-0

Presentation on Enterprise Resource Planning Update - Aaron Hood and David Reynolds

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, April 6, 2010. Chairwoman Marilyn Pfisterer called the meeting to order at 5:33 p.m. with the following members present: Bob Cockrum, Susie Day, Maggie Lewis, Barbara Malone, Jackie Nytes, and Joanne Sanders.

PROPOSAL NO. 84, 2010 - determines the need to lease approximately 15,000 square feet of office space at 8115 E. Washington Street for use as a Marion Superior traffic court and Clerk's office

William Young, Marion County Traffic Court Judge, said that they have tried to provide answers to the questions that the Councillors had and a copy of the contract has been requested. He said that they do not have a contract between the courts and the broker. The broker gets paid by the listing company. In this case, Centre Properties list their own properties and pay the commission on what they list. Judge Young said that the brokers are present in case there are additional question.

Glenn Lawrence, Court Administrator, Marion Superior Court, said that in the proposed lease agreement, the landlord has \$240,000 into the build-out. He said that he does not have an exact amount of what the city will spend toward this project.

Chairwoman Pfisterer, referring to the list of properties that have been considered, asked why the other properties did not make good locations for traffic court. Mr. Lawrence said that there are only two developers that will work with the city because of the appropriation clause, and the two developers are Sandor Development and Centre Properties. Mr. Lawrence said that the other developers are fearful that they will be left with this space if the city walks away from the property.

Councillor Nytes asked what the reason is for the split of traffic court and probation. Judge Young said that they were trying to put the two together for efficiencies and savings, but the traffic court needs space now and cannot wait to co-locate with the probation office on the west side. He said that Judge Certo, who is over the probation department, said that it would be better to move probation in its own direction to have a site that was more conducive to probation. Councillor Nytes asked if this property is located within the zone that is designated for properties to have automatic tax abatement. She said that if it is located in that area, this property will be relieved of paying property taxes. Mr. Lawrence said that he is not sure if this is that area. He said that he had discussions with the developer about taxes and they said that they would not be responsible for them.

Councillor Lewis asked why the bidding process does not have to follow the same requirement as others and include the Minority and Women's Business Enterprises. Mark Mertz, Office of Corporation Counsel, said that the public bidding laws define public works and all of the laws that apply flows from that definition of public works.

Public Works does not include the construction or other private practices of a private property owner.

Councillor Malone said that the portion of funds that will go toward build-outs is subject to the goals of the city and county for Minority and Women's Business Enterprises. She said that if it was strictly private dollars, then there would not be a dispute, but there are taxes involved and she respectfully disagrees that this proposal is not considered public works.

Councillor Malone said that she still has concerns about an oral contract, which cannot be enforced. Judge Young said that they have no contract with anyone. Councillor Malone asked how the \$560,000 is buying down the gross of the lease at this location. Mr. Lawrence said that he is not sure of the exact amount, but the developers are present and could explain that answer.

Chairwoman Pfisterer asked if \$11.80 per square feet is comparable to a good lease in any other scenario. Mr. Lawrence answered in the affirmative. He said that everything is included in this price.

Councillor Nytes asked if there is any amount of money left for probation to use once they find a location on the west side. Mr. Lawrence said that there is additional funds available for probation to relocate. Councillor Nytes asked if there has been any discussion with Building Authority about being involved with the build-out of this location. Judge Young said that Building Authority is not in that type of business and they have no desire to get into that business.

Councillor Lewis asked how much money will be left for probation. Mr. Lawrence said that they have not gone that far in the process to have an answer.

Chairwoman Pfisterer asked if during the bidding process five Minority Businesses and Women Businesses could be contacted and made aware of the bidding process. Judge Young answered in the affirmative.

Councillor Cockrum asked if there will be another ordinance for the appropriations of funds for this property. David Reynolds, City Controller, said that dollars for this project have already been encumbered in the 2008 budget.

Councillor Cockrum moved, seconded by Councillor Nytes, to send Proposal No. 84, 2010 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 4-3, with Councillors Lewis, Malone, and Sanders casting the negative votes

Councillor Sanders asked if the Council will be notified of how much money will be used for probation. Mr. Reynolds said that that they can come back to the Council and give an update on the spending.

Councillor Nytes asked if Judge Young and Mr. Lawrence can assure the council that no one involved in this development, from the city or the county, has any personal interest or ownership stake on the property that is being considered for this lease. Judge Young and Mr. Lawrence both answered in the affirmative.

Larry Vaughn, Concerned Clergy, said that he is not in support of this proposal.

Councillor Nytes requested that the city and the county re-convene the space allocation committee.

Councillor Lewis said that there are some un-answered questions regarding this move and she cannot support this ordinance until they are answered. Chairwoman Pfisterer said that she encourages questions to be answered between now and the full council meeting.

Councillor Malone said that there should be some type of uniformed process or check list in place that will allow the process to flow better.

PROPOSAL NO. 115, 2010 - amends the Code to reorganize the city-county internal audit agency as an executive office with expanded powers and duties, and to make corresponding technical changes

Mr. Reynolds gave a presentation of the Current Internal Audit, which is attached as Exhibit A. Some key points are:

- The Director of the Office of Internal Audit and Performance will report directly to the Mayor.
- The Audit Division will continue to support the city and county annual audits, continue to have on-going accounting audits in support of financial reporting, and should be viewed as the city and county's State Board of Accounts.
- The audit committee oversees selection of an external auditor and the appropriateness of accounting policies and practices.
- The Audit Division is self-directed on testing methodology and uses the best practices and auditing techniques in support of the Office of Finance and Management's (OFM) preparation of Comprehensive Annual Financial Report (CAFR).
- The Performance Division will have Six Sigma program transfers, and will continue to have on-going performance audits in support of Indystat and Six Sigma projects.

Mr. Reynolds said that this ordinance is the creation of the Office of Internal Audit and Performance and it separates the agency into two groups, with one focusing on the audit side of the operation and the other focusing on the performance side of the operation. He said that the audit manager should be a certified public accountant from the standpoint of how the city and county is viewed by the external auditors and the

marketplace in general. Mr. Reynolds said that the performance manager will bring many tool sets to the table to help measure and improve the performance.

Councillor Sanders asked what qualifications are needed for the position of performance manager. Mr. Reynolds said that it would depend on the tool set that they would bring to the table.

Chairwoman Pfisterer asked if the external auditor is paid on a per hour basis. Mr. Reynolds answered in the affirmative. Chairwoman Pfisterer asked for the status of audits projects for the city and county. Mr. Reynolds said that they are making great progress on catching up the county audits. The city audits are complete and up-to-date. He said that the city received an award from the Government Finance Officers Association (GFOA) for meeting the criteria of how the CAFR is presented. He said that the audit committee has been very busy on playing catch-up to get the county up-to-date.

Mr. White said that they will be issuing the 2006 single audit and the 2007 financial report for the county in April of 2010, and they are on target to get caught up through 2009 by the end of 2010.

Councillor Sanders asked if there will be any effort to look at the current job descriptions to possibly grant a salary increase for those positions that are underpaid. Mr. Reynolds said that they are currently in that process, and they are looking to make sure that they have the correct job classifications in place. Councillor Sanders asked if the requirement will increase for these jobs. Mr. Reynolds said that they are looking for ways to help employees grow and advance within those agencies.

Councillor Malone asked what the performance reviews would cover. Mr. Reynolds said that they will review process improvement. He said they will go in and look at how business is done while looking for ways to improve the process.

Councillor Nytes moved, seconded by Councillor Day, to send Proposal No. 115, 2010 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

Mr. Reynolds and Aaron Hood, Project Director gave a presentation of the Enterprise Resource Planning Update (ERP), which is attached as Exhibit B. Some key points are:

- ERP is a comprehensive, fully-integrated computer software solution to replace the City/County's current legacy business system, which affects the entire enterprise.
- The Executive Committee oversees the entire project, and the Steering Committee focuses on the day-to-day activities of moving this project forward.
- The ERP initiative is a government process improvement project which is supported by technology.

- Consolidation of accounting and financial functions is key to the success of the ERP system.
- The primary goal is to select and implement a robust ERP product which can be implemented within all outlined constraints in a timely manner and, provides the government with data systems that are continually viable as technology.
- Technology processes have substantially evolved, thus revealing some areas of improvement in the City-County's ability to manage its finances and human resources within the enterprise.
- Change management should serve to mitigate the resistance that commonly arises from people and organizations that are unprepared for change.

Mr. Reynolds said that this project will be funded by money that was placed in the 2010 budget to build a team to move this project forward, and it will be a part of the 2011 and 2012 budgets. He said that if the city is not willing to accept change, then this process should not move any further.

Mr. Hood said that this project was initiated in 2007 under the previous administration to study City-County administrative processes and to analyze the feasibility of an ERP system. He said that they hope to have contracts completed by May of 2010, and have at least one of the modules go live by the first quarter of 2011. The overall project will take approximately three years.

John Von Arx, Communications Manager, said that they wanted to find a way to create some interest in the project by developing a branding contest. This was initiated to get City-County employees involved in naming the ERP system. He said that, as of last Thursday, they have received 40 submissions. He said that anyone interested in submitting something for the branding contest can send an email to CityCountyERP@indy.gov.

Mr. Reynolds said that change management, communication, and training will make this project successful.

Councillor Malone asked how the committee will decide which module to use for the go-live date. Mr. Reynolds said that will be up to the implementers that will come in and be a part of the process.

Chairwoman Pfisterer asked if there will still be a backup process in the event of a disaster. Mr. Reynolds said that there will be some sort of dual system that will be in place for disaster recovery, similar to what is currently in place.

Councillor Nytes asked if the Property Records System investment is nullified in any with the ERP system. Mr. Reynolds answered in the negative. He said that those types of systems would be integrated into the ERP system.

Administration and Finance Committee
April 6, 2010
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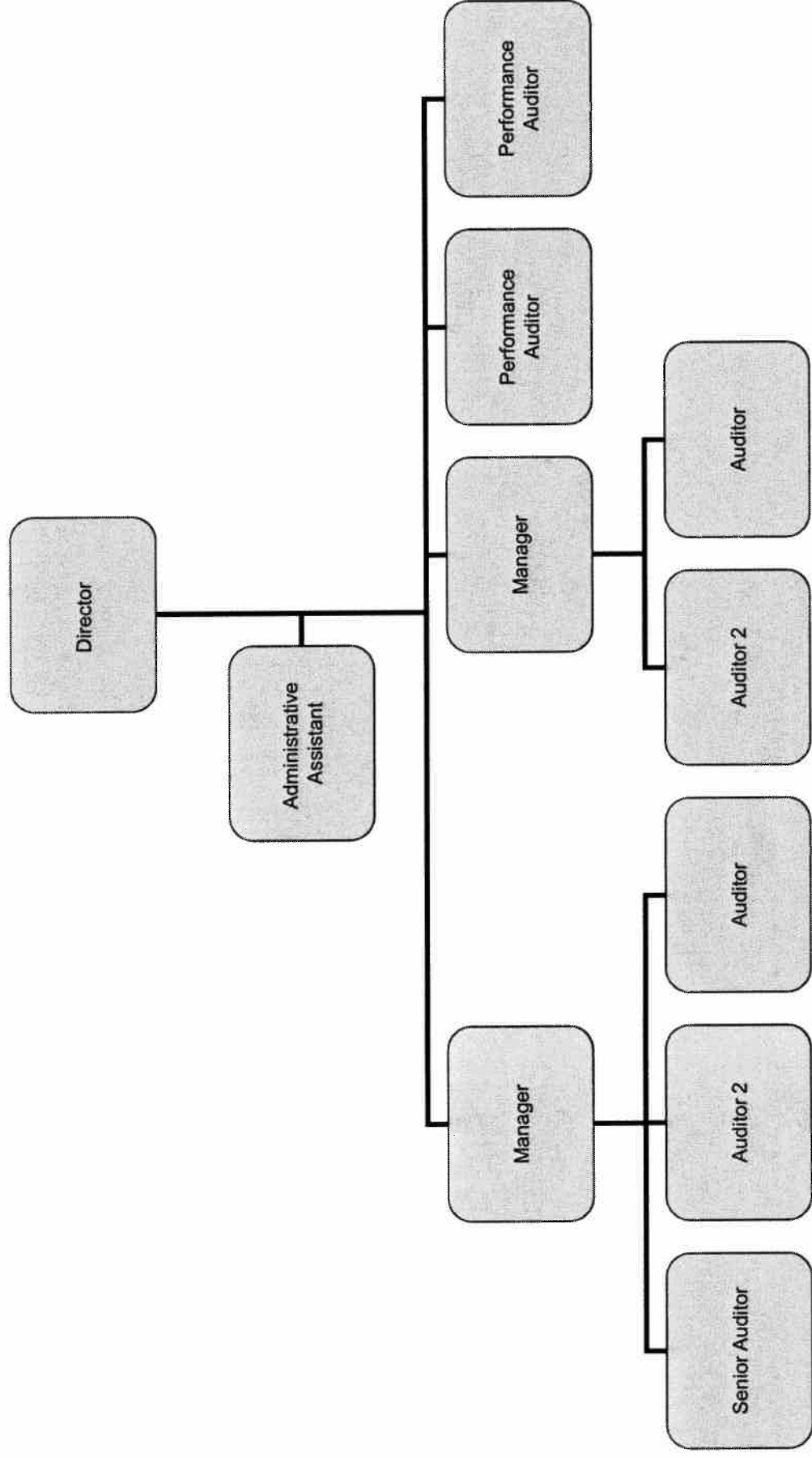
There being no further business, and upon motion duly made, the meeting was adjourned at 7:11 p.m.

Respectfully Submitted,

Marilyn Pfisterer, Chairwoman

MP/rjp

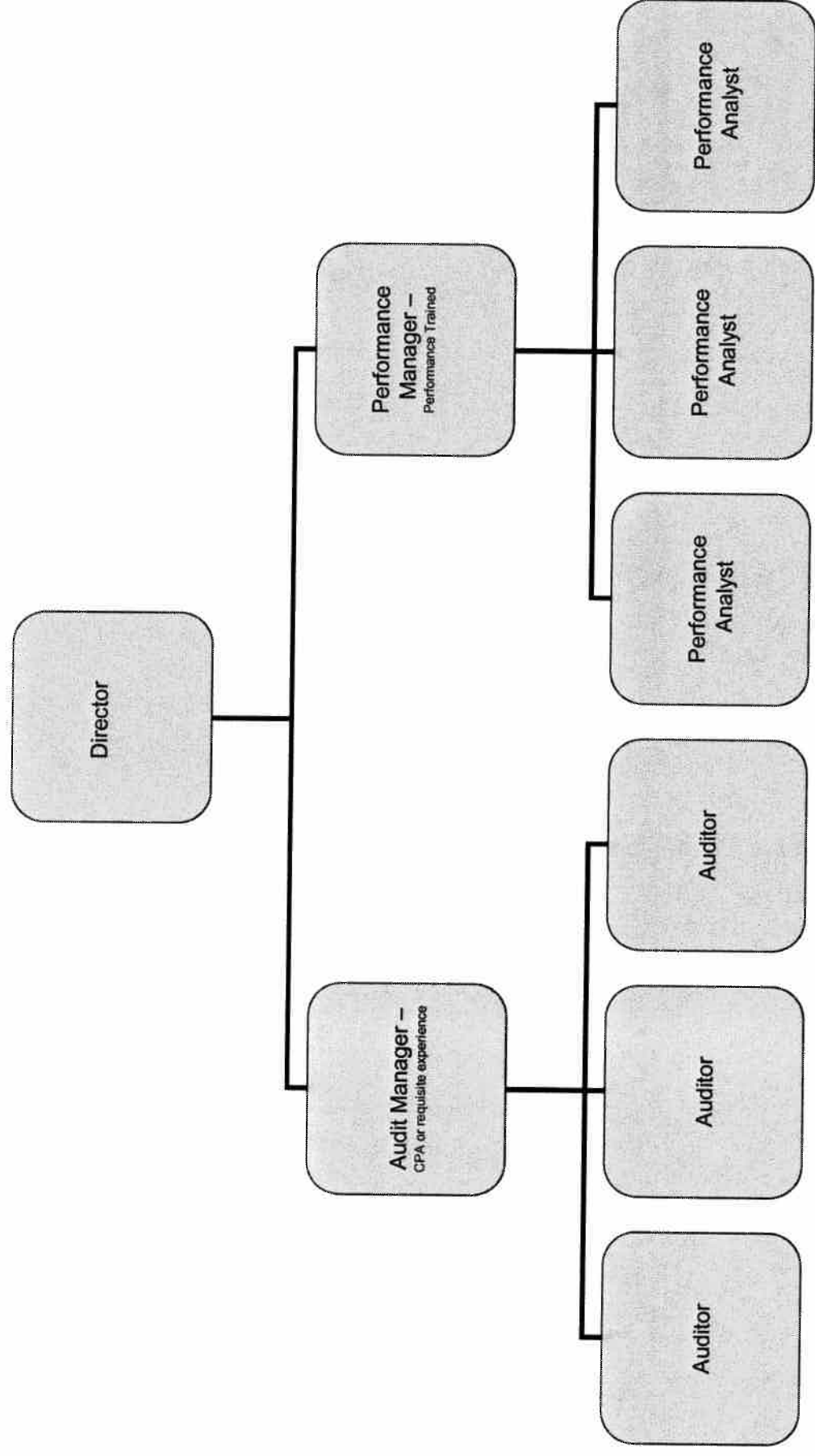
Current Internal Audit



Current Internal Audit

- 11 employees, \$755,157 (salary and benefits)
- 3700 hours on city/county annual audit, directed by KPMG (external auditor)
- In 2009, 7 published operational audits and 7 status updates on prior reports
- Usefulness of operational audits ??????

Office of Internal Audit and Performance



Office of Internal Audit and Performance

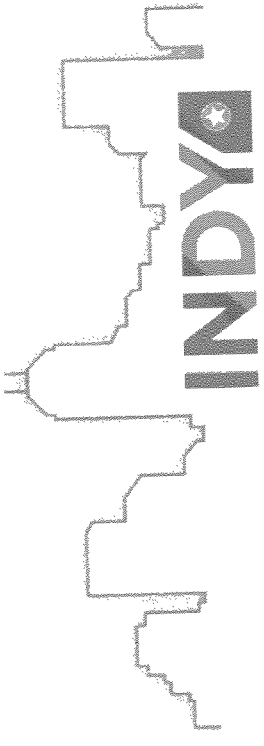
- Director remains a direct report to Mayor with Council approval
- No change to the structure or duties of Audit Committee
- Audit Committee oversees selection of external auditor and appropriateness of accounting policies and practices
- 2 divisions - Audit & Performance

Audit Division

- Continued support of city/county annual audit
- Self directed on testing methodology, best practices and auditing techniques in support of OFM's preparation of CAFR
- External Auditors are engaged after IA has completed their testing (should save \$)
- On-going accounting audits in support of financial reporting
- Should be viewed as the city/county's State Board of Accounts

Performance Division

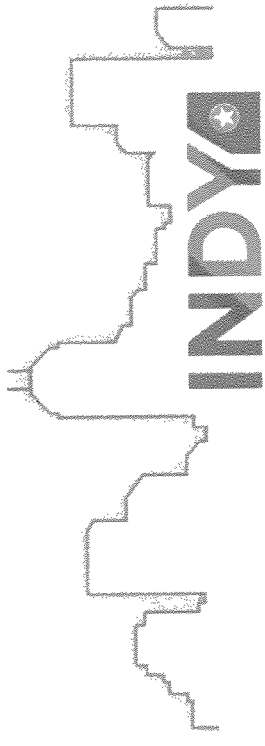
- IndyStat operations transfer from Mayor's Office
- Six Sigma program transfers from OFM
- On-going performance audits in support of Indystat and Six Sigma projects
- Performance audits and six sigma projects drive the measures for IndyStat
- Mayor's efficiency suggestion program
- Coordination with High Performance Government Team



ERP Project Update

for City-County Council Administration and Finance
Committee

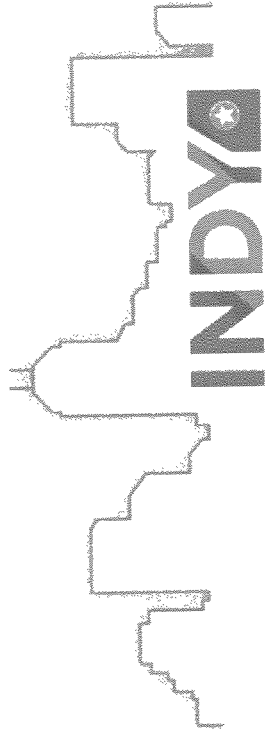
David P. Reynolds, Controller
Aaron V. Hood, Project Director
April 6, 2010



What is ERP?

ERP = “Enterprise Resource Planning” . . . a comprehensive, fully-integrated computer software solution to replace City/County’s current legacy business systems.

An ERP system is commercially available software that will be used to perform City/County’s administrative business functions such as financial accounting, procurement, human resources, payroll, time and attendance, budget management, asset management and other tasks using a common data repository.



Project Governance

Executive Committee:

David Reynolds, Controller (OFM)

Billie Breaux, Auditor

Michael Rodman, Treasurer

Bob Altice, Presiding Judge (Courts)

Glen Baker, Chief Information Officer (ISA)

Steering Committee:

Aaron Hood (ISA)

Kevin Ortell (ISA)

Shirley Mizen (Auditor)

Jeff Fuller (Auditor)

Chuck White (OFM)

Manny Mendez (OFM)

Tom Creasser (Treasurer)

Doug King (MC Sherriff)

Glenn Lawrence (Courts)

Vendor Partners:

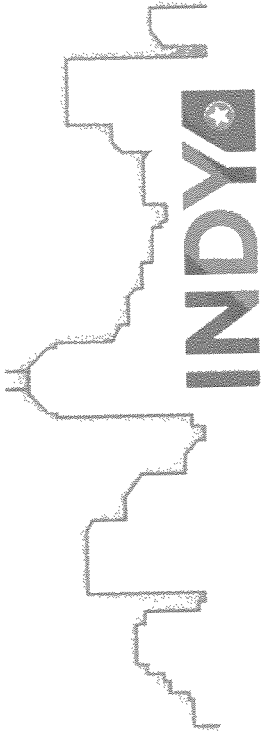
Nadeen Biddinger, GFOA

Joanne Weber, BCForward

Internal Advisors:

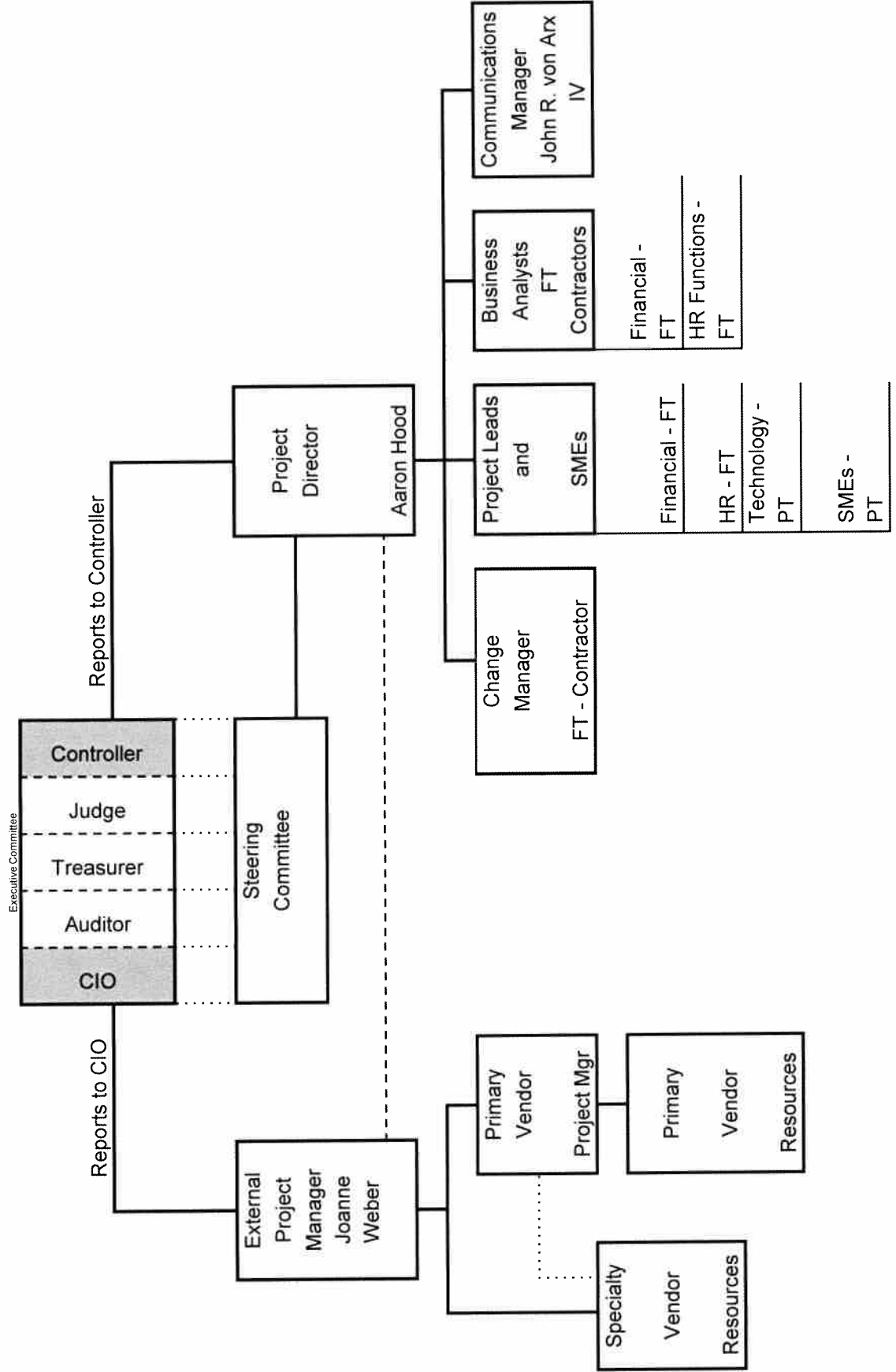
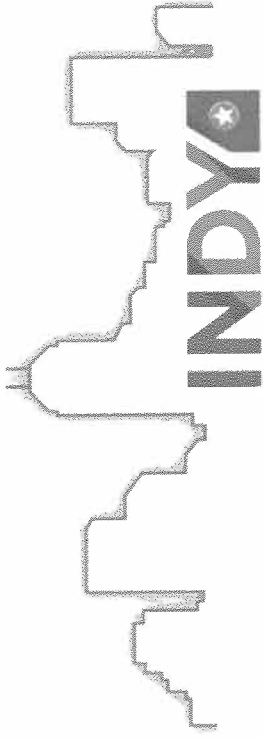
Carol Metz (Purchasing)

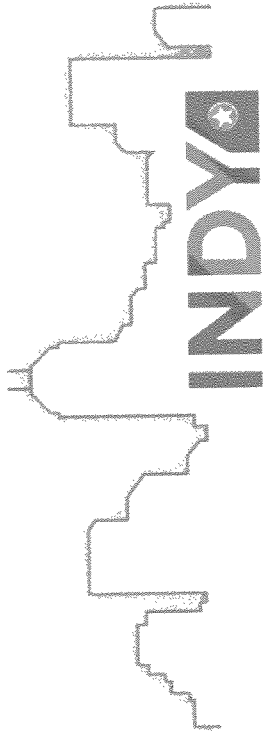
April Schultheis (OCC)



Guiding Principles

1. The ERP Initiative is a government **process improvement project** which is supported by technology. It is not a technology project.
2. Each agency and department must take ownership for engaging unselfishly in the success of the project to maximize enterprise-wide improvement.
3. The consolidation of accounting/financial (including HR & procurement) functions is key to the success of the ERP system. The implementation must result in an integrated financial system that coordinates the financial activities of all of city/county government.
4. The ERP system of choice will be consistent with strategic plans of the enterprise, providing the benefits expected by the stakeholders.
5. Our primary goal is to select and implement a robust ERP product which can be timely implemented within all outlined constraints, and which provides the government with data systems which are continually viable as technology advances.



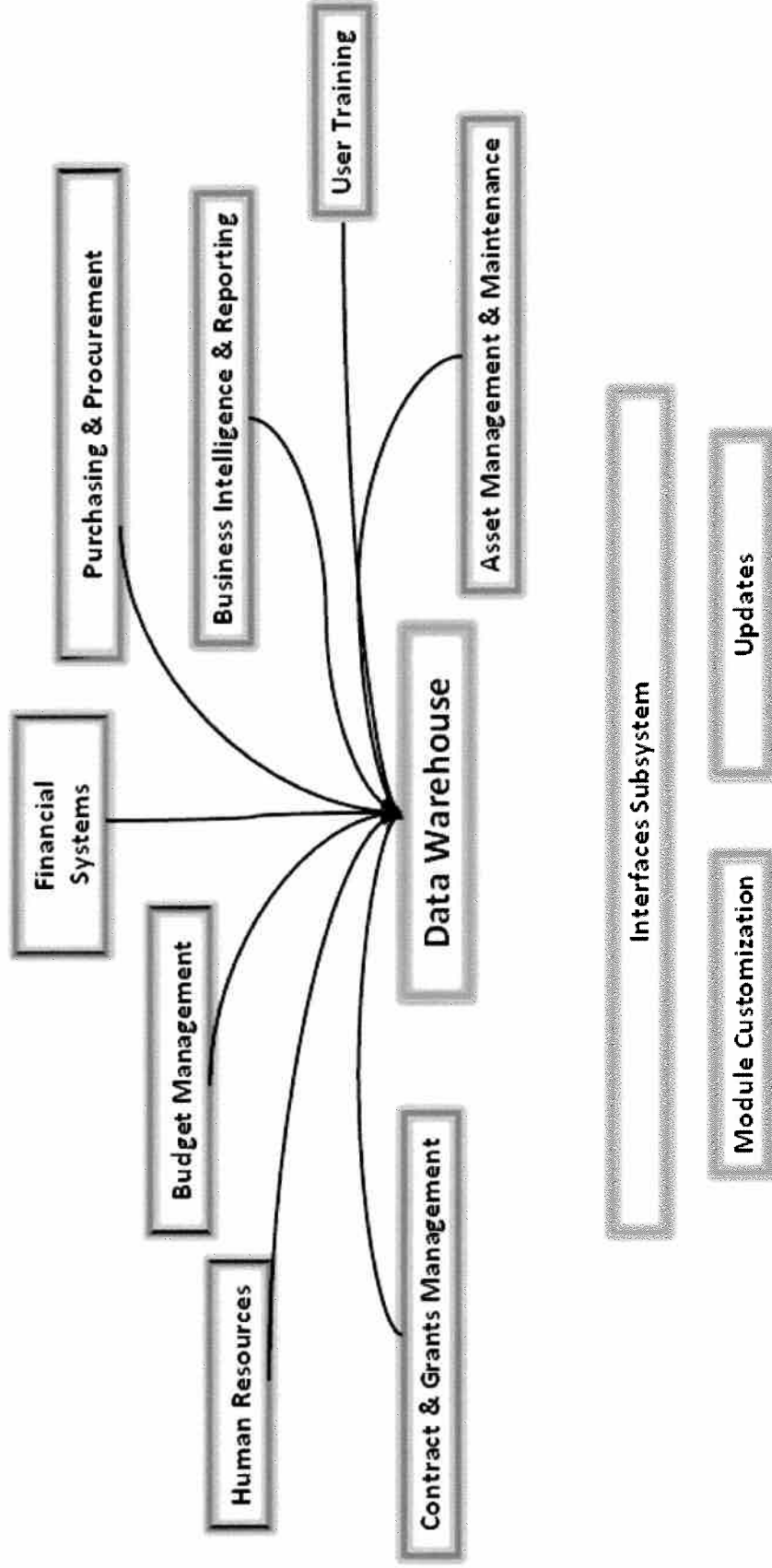
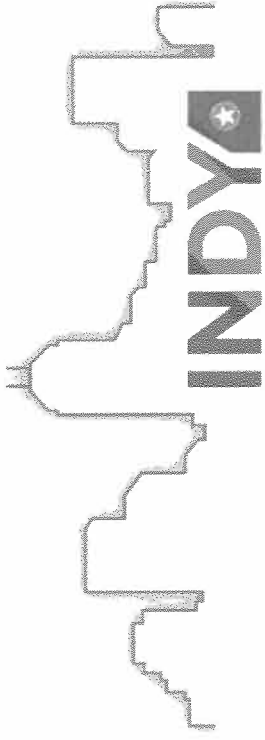


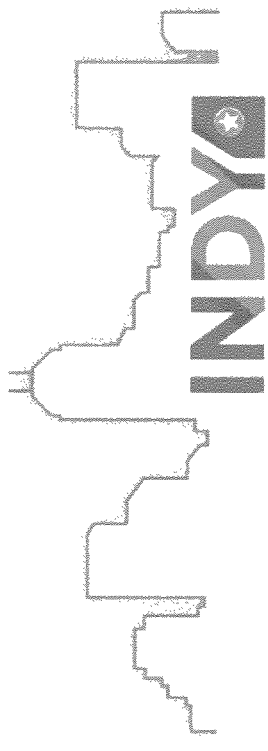
ERP Executive Summary

- ERP systems are often used to update and integrate similar administrative business processes within a municipality or corporation.
- The consolidated City of Indianapolis/Marion County is pursuing an ERP system to update its aging mainframe-based computer system that's been in operation for over 30 years (for example, our "FAMIS", "ADPICS", & "BPREP" software systems).
- Technology processes have substantially evolved, thus revealing some areas of improvement in the ability of the City-County to manage its finances and human resources within the enterprise.

To read more of the executive summary please visit:

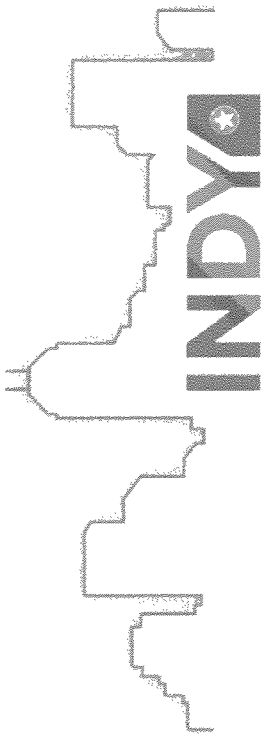
<http://www.indy.gov/ERP>





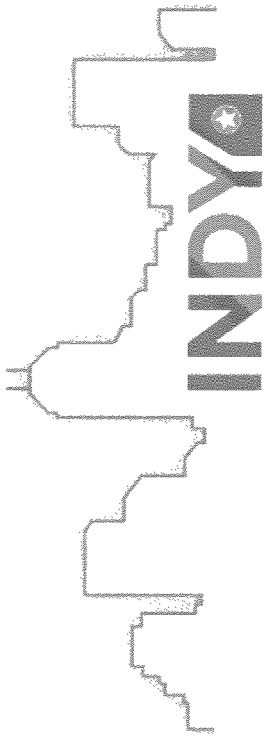
ERP History

- Project initiated in 2007 under previous administration to study City-County administrative processes and to analyze the feasibility of an ERP system.
 - Premis Consulting Group delivered a needs analysis report in July 2008
 - Their Needs Analysis Report concluded that Indianapolis/Marion County would indeed benefit from acquiring an ERP system to replace aging & costly mainframe-based computer systems.



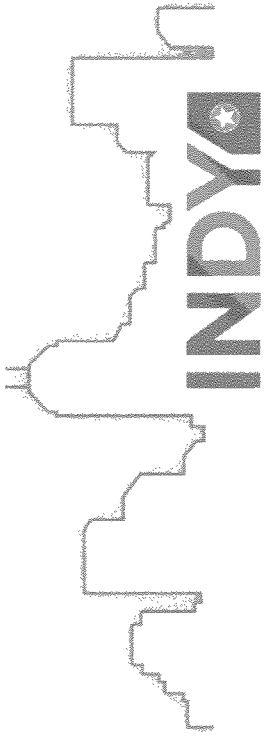
Needs Analysis Findings

- **Paperwork and Shadow Systems:** There are over 1,100 “shadow systems” (typically spreadsheets & databases) across the enterprise causing multiple repeated data entries.
- **Unsupported Technology:** Shadow systems are providing mission critical functions and are largely unsupported.
- **Data Quality:** Because of the tremendous amount of manual inputs, calculations, and reconciliation, quality assurance takes time and introduces many opportunities for error.
- **Data Currency:** There is no central repository of information; therefore seeing real-time data is not available. This limits the visibility of progress on transactions/information requests reducing decision-making ability, adding time and introducing errors.
- **Labor Intensive Functions:** Numerous “work-around” procedures create repetitive manual functions - maintaining hard copies; inputting processing, organizing, & verifying numbers; this can waste time and introduce errors.



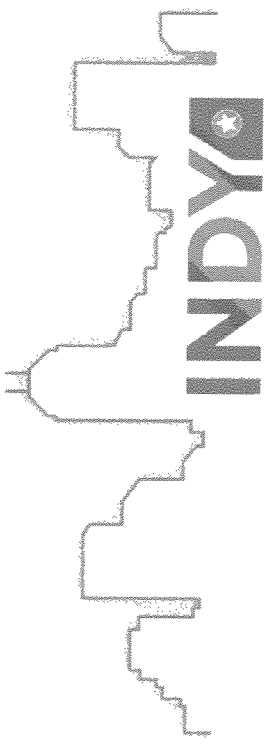
ERP Status: What has been accomplished?

- Business Requirements & RFP portion of the Project was kicked off in May 2009
- Broad cross-functional assessment of City/County requirements was completed in August 09
- RFP #1 (ERP Software Vendor) nearing completion:
 - Issued Sept 09; 7 respondents
 - 3 vendors brought back in for demos; narrowed to 2 who were brought back in
 - 1 vendor has been elevated to contract negotiations
- RFP #2 (ERP Implementation Services Vendor) in progress:
 - Issued Dec 09; 13 respondents were evaluated (11 Primary & 2 Specialty)
 - 3 Primary vendors have been elevated & 1 Specialty
- Filled some internal team key positions (Project Director, Project Manager & Communications Manager)



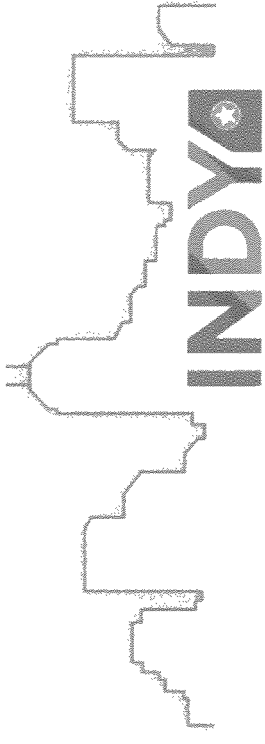
ERP Status: What is the future timeline?

- Interviews with elevated Implementation Vendors (mid-April)
- Change Management Strategy Meeting with GFOA (April 13)
- Select final Implementation Vendor(s) for contract negotiations (late April)
- Both Software & Implementation Vendor Contracts completed (May)
- Define Project Management Structure (May)
- Fill key project team positions including HR & Finance Team Leads, Change Manager and Business Analysts (mid-May)
- Implementation begins!! (June)
- Goal to have 1 module in by 1Q of 2011
- Overall project will take approx. 3 years



Change Management

- **Change management should serve two functions:**
 - It should mitigate the resistance that commonly arises from people and in organizations that are unprepared for change.
 - It should prepare people and organizations to maximize the opportunities and potential of the future changes. Change management is intended to allow an organization to achieve the goals and objectives set out at the beginning of the project.
- **Change management strategies already adopted:**
 - Project steering committee has been established with the authority to direct the project team's efforts and assign resources.
 - Secondly, the steering committee has established effective project management and a core team early in the requirements definition process, enabling continuity throughout the implementation.




City-County ERP Branding Contest

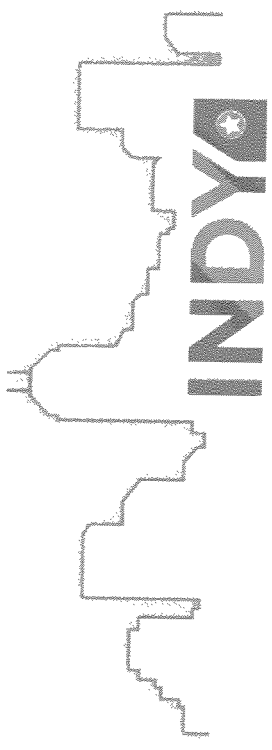
Just initiated a contest to get City-County enterprise involved with naming the ERP system.

All branding ideas can be sent to: CityCountyERP@indy.gov

➤ Approximately 40 submissions have been collected by the City-County ERP team since April 1.

Examples from other cities:

- St. Paul, MN:  : City Operations Modernization and Enterprise Transformation
- Houston, TX Houston ONE: One City, One Process, One System
- Portland, OR: E.B.S. Project—Enterprise Business Solution Project



QUESTIONS?